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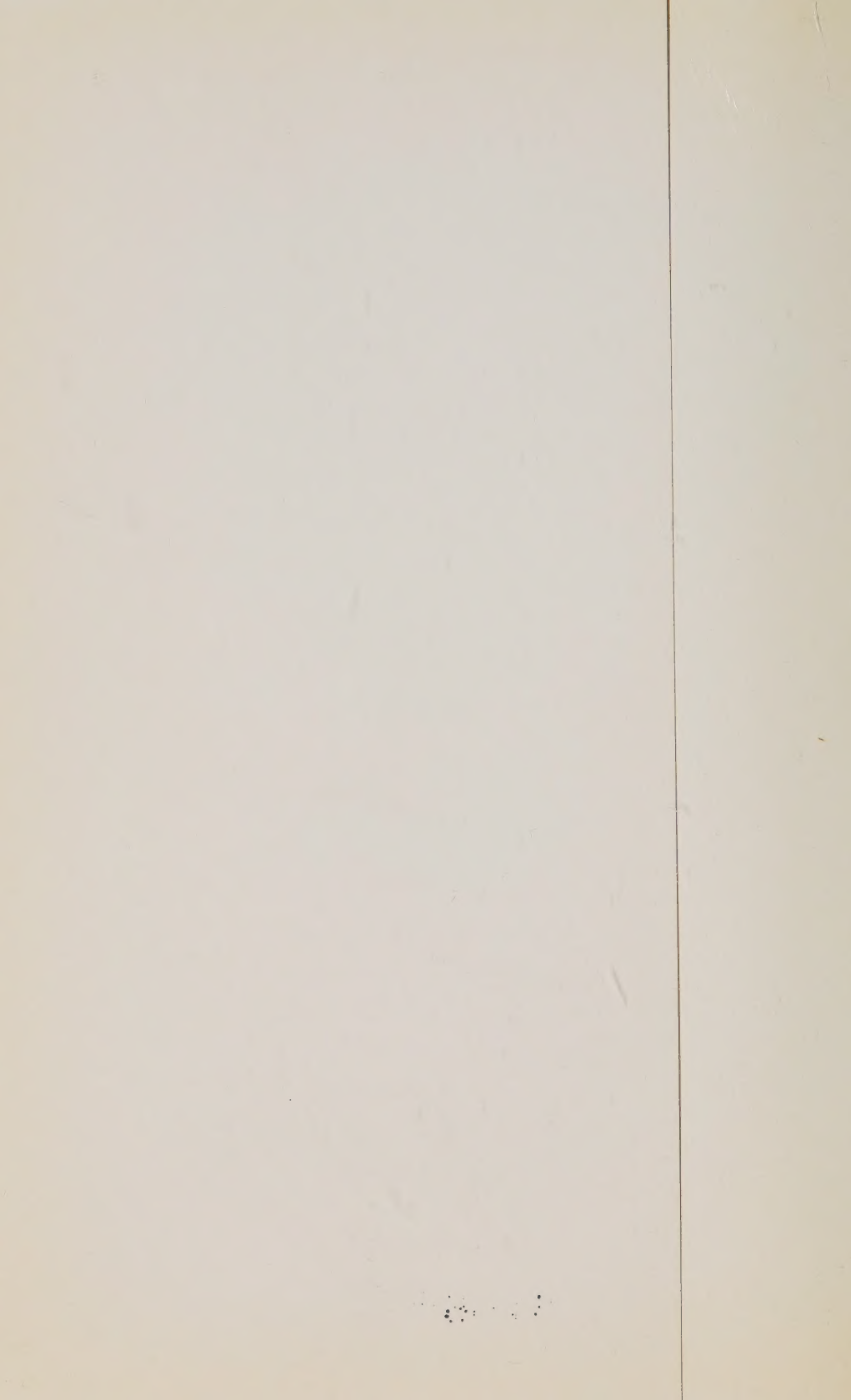
# REENLAND

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# GREENLAND

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An Address By Mr. Hans C. Christiansen, Managing Director Of The Royal  
Greenland Trade Department, Copenhagen, Denmark, Before Raymond W.  
Miller's Public Relations Seminar At the Harvard University, Graduate School  
Of Business Administration, Boston, Mass, October, 18, 1960

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During the last 20 years, the spotlights of public interest have been thrown on Greenland. To the greater part of the American people this remote part of the world – with its military bases, which are an important part of the defense system of the Western Hemisphere – has become well known as evidence of a close political cooperation between Denmark and the United States.

However, Greenland – that vast Arctic region which is part of the Kingdom of Denmark – is much more than just a link of our mutual defense system. As a matter of fact these military bases have no contact with the Greenlandic population. They are located so far from all the settlements and outposts that they do not touch the daily life of the Greenlanders, nor do they enter the sphere of trade and economy of Greenland.

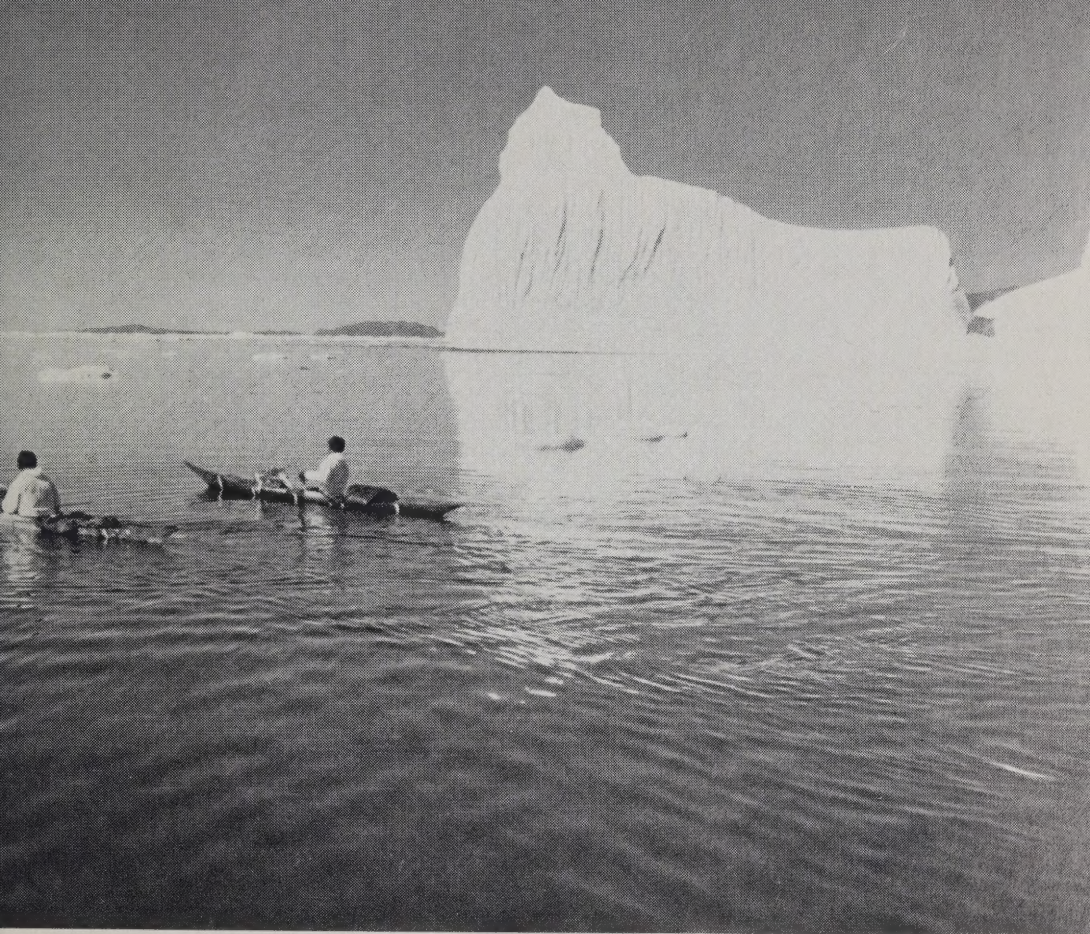
Few regions of the world, if any, can compare with Greenland and its brave and hardy population whose ancestors have withstood the Arctic during more than 4,000 years. If you want to understand a people you must know at least some of its preconditions, and those of human existence in Greenland are unique.

Greenland is the largest isle in the world, the fringe of which is formed by a mountainous, rocky, and wild coast with thousands of isles and innumerable fjords. Most of the latter, in their inner part, end where glaciers coming from the ice cap produce icebergs during any period when the sea is not locked and bound by Arctic ice.

The whole interior of this isle, or 90 per cent of its area, is covered by the ice cap which is up to two miles above the sea level and sometimes more than two miles in depth. This means that parts of the interior would be below the level of the sea if climatic conditions should change so much that the ice melted away. This could mean that Greenland is not one isle but several isles, but this can scarcely be proved in our time, nor will it happen, fortunately enough, because the consequence would be such an enormous increase of the waters of the seven seas that their level all over the world would rise by approximately 30 feet.

Greenland's total area is four times as big as Texas or twice as big as Alaska. Its shape is more or less like that of one-third of the United States, for instance the regions east of the Mississippi River, with a maximum length of 1,700 miles from North to South, and a maximum breadth of 840 miles from West to East. The most southern tip, Cape Farewell, is located at the same lati-





PHOT. ALLAN MOE

*During the sunny summer months enormous and fascinating icebergs drift along the coast, a dangerous threat to ships of all sizes. They compete in splendour with the rich alpine vegetation of the valleys. Seal hunting from the kayak is still the main basis of human existence in these remote districts of North Greenland.*







tude as the northern tip of Labrador, and the most northern tip is only 460 miles from the North Pole, and is closer to it than any other part of land.

Enormous and treacherous icebergs, originating from the polar basin at the top of the world and from the glaciers coming from the ice cap, drift constantly along the coast, barricading the fjords and harbors, threatening vessels of any size, and cutting off most parts of Greenland from any connection with the outside world for many months of the year.

Overwhelmingly beautiful but short polar summers are alternating with dark and depressing polar winters. You will find an abundance of flowers, and in the southwestern part a rich vegetation of grass and willow scrub – but no forest anywhere. Natural resources are limited and poor.

Agriculture is scarcely possible. Meadows have been cultivated only in very limited sheltered parts of southern Greenland, and attempts have been made to introduce sheep raising, and with some success. You will, however, find blue and white polar foxes, Arctic birds, reindeer and even polar bears and musk oxen, and a rich supply of sea mammals – seals, walruses, and even whales – and cod, ocean perch, and ocean catfish, and a fine quality of tiny Arctic shrimp.

*View of Holsteinsborg, a typical Greenland town,  
and one of the centres of the fishing industry.*

For more than 4,000 years, this country has been inhabited by a hunting tribe of Eskimos. Vikings, coming from Scandinavia, had since the beginning of the 9th century settled in Iceland. From there some of them went further westward, found Greenland, and named it, and settled there in 986 A.D. The ruins of their settlements can still be seen, including ruins of churches and the site of the farm of Erik the Red, the leader and originator of the first Viking expedition. Shortly after the first settlement, members of this Greenlandic Viking tribe went further westward from Greenland. It is well known that they discovered North America nearly one thousand years ago, and named it Vineland. These Vikings stayed in Greenland and their descendants lived there for 500 years, and developed farming and hunting, and an extensive trade with Western Europe. They supplied European kings and merchants with furs and the Roman church with the fantastic tusks of the narwhal which were known as unicorns, and used to make bishops' crosiers. Not only did they get necessities in return but also decorative things including modern textiles of the time which is proved, for example, by a Burgundian cap found by archeologists and of 15th century Parisian style.

This population of purely Northern origin died out approximately 500 years after the arrival of their ancestors



—presumably because the European religious and political turbulence of the Middle Ages interrupted the commercial connections between Greenland and Europe. Already at that time Greenland seems not to have been able to survive without interchange of commodities with the outside world.

Nobody in Europe got news from Greenland in those times. Therefore, when expeditions westward became modern in royal circles after the discovery of America by Columbus, the Danish King, who at the same time was King of Norway, also wanted to re-establish the kingdom's old connection with Greenland. A joint expedition was organized in 1721 under the leadership of the Norwegian priest Hans Egede. This recolonization opened a new era. No descendants of the old Vikings ever were found, but ever since there has been an uninterrupted connection between Denmark and Greenland.

From the very beginning, the Danish government endeavored to let private enterprise take its proper share in the development of Greenland, and private companies were organized accordingly. Due to the extraordinary difficulties in the Arctic, these firms, who later were organized as chartered companies with specific concessions, failed, and ever since it has been evident that the development of these regions scarcely could ever be

a profitable enterprise. However, it was felt that the native population could not be left alone, and therefore in 1774, The Royal Greenland Trade Company was set up as a governmental agency with the responsibility to assist the Greenlanders in developing the economic resources of the country and at the same time to guarantee an efficient supply service.'

The Royal Greenland Trade Department is the direct successor of this organization – still in charge of the same tasks, although the political background has changed, because Greenland has achieved full and equal rights, and the economical and technical facilities have been improved considerably in our time. Since 1953, the inhabitants of Greenland in every respect enjoy the same rights as any other Dane, though they do not have all the obligations, specifically, they are not subject to direct taxation, nor are they subject to compulsory military service.

Changing climatic conditions influence decisively the possibilities of surviving under Greenland's Arctic conditions, at the extreme limit of life. In these boundary districts, colder climate and colder streams of the sea are questions of life or death. As a consequence of such changes of climatic conditions, only 50 years ago, the cod entered Greenland waters. In some regions this fish





PHOT. PALLE MØE

*During the dark months of the Arctic winter nights when the whole coast of North Greenland is bound by ice which no ship can penetrate sledge dogs become the indispensable companions of the Greenland hunter. A hardy and strong race, these dogs can endure strain and hardship, and thus provide the only means of long distance transportation of both men and goods.*



PHOT. JETTE BANG. COPENHAGEN

*The vast regions of East and North Greenland are the domain of the polar bear whose precious fur provides a costly decoration of stately homes all over the world – as well as trousers for Greenlandic hunters. At the famous fur auctions at the historical and picturesque Exchange of Copenhagen, the leading people of the international fur trade bid for their annual supply of Greenland furs of seal, white polar foxes, blue foxes, and polar bears.*



still moves back and forth, depending on water temperature changes. Nevertheless, it is of growing importance to Greenland's economy. Only 20 years ago shrimp fishing grounds were found, and today cod and shrimp are the main basis of a modern industry which we are trying to develop in Greenland.

Basing our efforts on present knowledge, we must assume that, notwithstanding the difficulties connected with fishing in Arctic regions, the fishing industry will have to be the basic source of the economic development in Greenland during the years immediately ahead. This statement can be made independently from the fact that deposits of important minerals do exist in Greenland. In the south-western part are the world's best deposits of cryolite, which is indispensable in the aluminum industry, but today the natural source can be replaced by synthetic production; and, besides, the deposits are limited to such an extent, that they will be exhausted in the course of a few decades. On the eastcoast a lead and zinc mine has been opened after World War II – but if no new important deposits are found, this mine will not be able to continue for more than a few years.

Prospecting, thorough investigations and searches are going on during these years but so far no commercially workable deposits have been found. It may be mentioned

though that there are considerable deposits of coal. In this field, these make Greenland independent from imports from abroad, although exports to other countries seem impossible due to lower quality and excessive costs of transportation.

In former centuries the Greenlander, basing his existence on the seal, which could provide him with sufficiently nutritious food, clothing from the fur, and light and heating from the blubber, was independent from the outside world. However, nobody can live on fish or shrimp alone. Exchange with the outside world of goods and services has become an indispensable necessity.

Therefore, an important transition from a primitive and self-supporting economy to modern techniques and modern economy is taking place during these present years – The Royal Greenland Trade Department being in charge of and responsible for this development. It is not our aim just to develop some kind of profitable enterprise in Greenland, but to develop the understanding, ability, efficiency, and productive standards of the total population in such a way that we, by joint efforts, contribute to a lasting improvement of the economic and cultural level of the population in Greenland. In pursuit of these goals, new standards and targets were set up only 10 years ago.



Until 1950 The Royal Greenland Trade Department had the absolute monopoly of any trade with Greenland. This policy was revised and done away with and the country was opened to private enterprise. A considerable activity came into being as the result of a long term development program. However, the difficulties of the Arctic caused delay in the development of private enterprise, and our agency, therefore, has had to play a more active role than anticipated.



The Royal Greenland Trade Department, as such, of course, is a non-profit organization. We try to run the supply service, as well as other services, as efficiently as possible – and in the field of production, on behalf of Greenlandic fishermen and hunters, to earn as much as possible, passing every cent net earning back to the Greenlanders.

It is our aim to speed up the economic development in Greenland as much as possible and to sponsor and encourage private enterprise to the utmost, thus perhaps one day rendering our services and ourselves superfluous. This requires human and social understanding, heavy investments – and patience and time. However, we are making progress so fast that I have no doubt that we will have a chance to succeed – even in my time – if purely political decisions should not impede us or bar our way.

At present our organization has a staff of more than 3,000 people, 10 per cent approximately in the central Danish organization, another 10 per cent on board our own vessels servicing Greenland, and the rest of them in Greenlandic production, transportation and distribution. Approximately 90 per cent of the staff working in Greenland are Greenlanders, some of them in top executive positions.



The Royal Greenland Trade Department is a governmental agency directly under the Secretary of Greenland – but I assure you that we do our utmost to act as efficiently as any private enterprise. As a natural result of our obligations to supply every settlement in Greenland with necessary goods, we run 90 retail stores, ranging from tiny and modest shops in the wilderness to quite modern stores in the bigger towns – with a supply of approximately 10,000 different items, equal to any average European general store, and with a considerable business volume which, considering the difficulties in the Arctic, is accomplished at reasonable costs, thus enabling us to sell practically any commodity in Greenland at the same price as charged for similar commodities in Denmark. We are introducing modern techniques of retailing, including self-service stores, the first of which was established in 1957.

During these years of transition, private enterprise in the fields of wholesaling and retailing in Greenland has been developing slowly but with reasonable speed, taking over a constantly growing part of Greenland's supply service. Generally speaking, I would estimate that 20 per cent of the total turnover is done by private enterprise – quite a fair share after less than 10 years of development – and bearing in mind that I am talking of all types of sales. If you consider retail trade only, the share is much

bigger – in the biggest town, for instance, 45 per cent – depending on local conditions and kind of commodity.

As a matter of principle, The Royal Greenland Trade Department is not participating in basic production such as hunting, fishing, and farming. But we buy, more or less, any Greenlandic product – handle it, process it by freezing, canning, salting etc., transport it and sell it anywhere in the world where we can find a market.

We sell saltfish mainly in the Mediterranean countries and in South America, frozen fish fillets here in the States, and canned and frozen shrimp to 40 or 50 different countries including the United States – and Greenland furs, seal, and polar foxes are sold wherever women enjoy furs.

In all these fields we have succeeded in overcoming technical and climatic difficulties and to reach quality standards which enable us to compete effectively in high standard marketing areas such as the United States. Our basis of production is so narrow and our line of goods, therefore, so highly specialized that 80 per cent of the total production of Greenland offered for sale is exported to foreign countries.

In this connection, it may be added that the new policy of 1950 also aimed at a “normalization” of the export



organization, especially its transfer to private channels. Considering the limited size of the total production and its dependency on difficult and fluctuating world market conditions, it was expressly recommended that a central export organization be set up, and that until this might be possible, The Royal Greenland Trade Department act as such – and this latter recommendation has since been followed. Every year a number of dispensations from this general rule have been given however, enabling individuals or organizations fishing off the coast of Greenland to establish for their own catch a sales organization of their own.

As a result of a proposal set forth by The Royal Greenland Trade Department, this agency and the Ministry of Greenland only recently have started a quite new approach by setting up a joint development program which aims at improved harbors and landing facilities, modern freezing plants for fish fillets, and canning and freezing plants for shrimp. This program was adopted by the Danish Parliament in 1959.

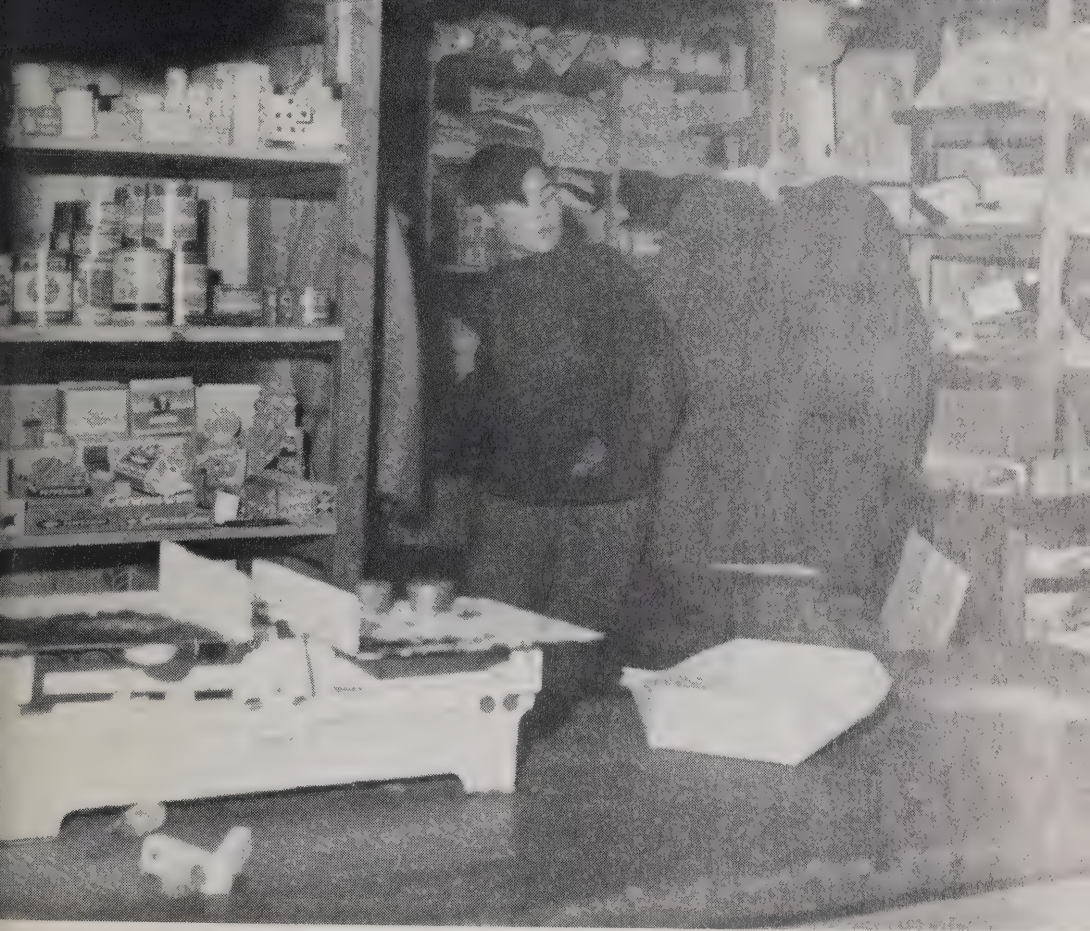
These new factories will, as well as any existing production plants, be operated on behalf of and for the account of the Greenlandic fishermen. This means that all these plants are operated on a cooperative basis. The fishermen obtain for their deliveries fixed prices plus premiums by

means of which we try to make the basic producer interested in both increased and improved catch. The employees and workers are paid salaries and wages, and also in this field incentives have been introduced, such as piece rate and bonus schemes. Any cost connected with production and sale, including unsubsidized freight rates as well as full interest and depreciation on investments, will enter the final account. The resulting debit or credit is transferred to a special fund which can only be used for the improvement of wages or prices paid to the Greenlanders.

In order to give an all-around picture of the complexity of problems connected with the development of production and trade in Greenland, one specific consideration might be mentioned in this regard.

The considerable increase of international trade which has come into being as a result of the joint efforts of the Western Hemisphere also has given rise to some problems in the field of international competition. Producers in many countries do not always consider competition to be advantageous. They may have reasons which seem to be well founded on severe facts, such as decreasing returns and reduced activities, with detrimental effects to the owners of old established plants as well as their employees and workers. In this connection the issue of labor costs





PHOT. BERNARD

*An old-fashioned retail store in a remote settlement – where furs and blubber, and perhaps fish are bought from the local population in exchange for odds and ends of human demand under hard and primitive conditions. This type of retail outlets is now disappearing and being replaced by well stocked and modern retail stores.*



OT. BENT VIENBERG

*The latest achievements in the field of distribution have been introduced into Greenland, as illustrated by this self service food department of The Royal Greenland Trade Department's general store at Narssaq in South Greenland. Methods of modern retailing have had a very favourable effect on the habits of consumption of the local population, increasing the share of durable consumer goods, and giving new impetus to increased income, and thus stimulating the individual interest in efficiency and higher output.*



has been brought up with claims for protection by increased tariff rates or by imposing import quotas or tariff quotas.

Agitation to this effect should be handled with caution, considering the fact that labor costs only are part of the total cost structure in production.

How could an Arctic region, for instance, or any other less developed country, pay the same labor costs as God's Own Country? We definitely would like to do so. But we have to start from what the consumer is willing to pay – and to calculate not only ordinary costs of distribution, but also import duties, and extremely high costs of transportation and heavy costs of investment, since any bit of building material, machinery, etc., and even qualified and specialized labor, have to be transported to these remote places. What is left to fishermen, workers, and others must be less than here.

There would only be two alternatives to that: Firstly, the rather improbable one of considerably higher efficiency than yours – and, secondly, direct subsidies, which we don't like, and neither would you.

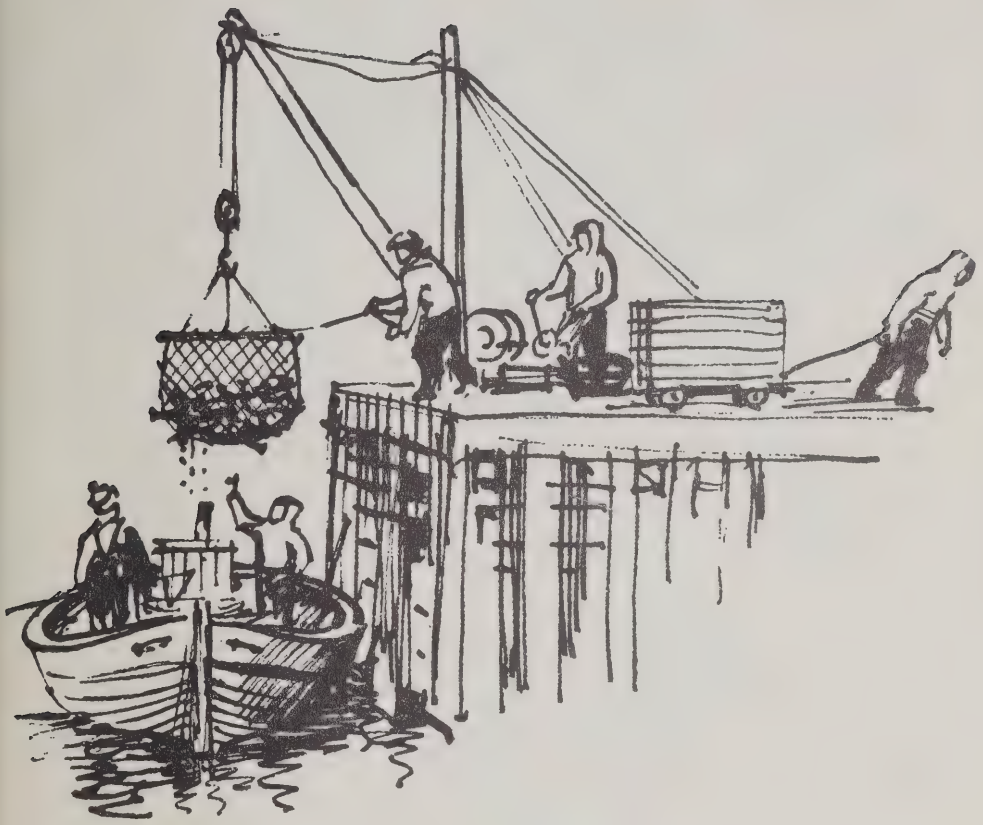
It may be mentioned that so far regulations and restrictions of this kind are unknown in Greenland. Importation

to Greenland is free. Only a local government tax is levied on beverages, cigarettes, etc., and candy with no exception as to place of production or origin. The total proceeds of this tax are exclusively disposed of by the local administration. However, no import duties exist in this part of the world. As a consequence, considerable quantities of competitive United States commodities, including fresh and canned fruits and production equipment, are constantly delivered to Greenland.

For practical reasons, mainly concerned with control, and for the benefit of the respective local government, The Royal Greenland Trade Department has the exclusive right to deliver to Greenland all goods falling in the category upon which the local government tax applies. This procedure eliminates practically any costs connected with the collection of such tax inasmuch as The Royal Greenland Trade Department pays the tax in full as deliveries take place. This applies whether delivery is effected to our own stores or to private distributors. Thus organized, there is no need for tax collectors, nor for costly customs control.

No restrictions exist concerning transportation to or from Greenland. The Royal Greenland Trade Department only own two ocean-going vessels built for combined passenger and freight service. Therefore, a number





of private ships are needed in this trade, at the peak of the season usually 15 to 20 vessels.

This supplementary tonnage is procured on time charter basis, and includes during recent years vessels of Danish, Norwegian, Canadian, and other competitive flags.

These numerous contacts with the outside world might involve some temptation and thus weaken the system of modest, local taxation mentioned above. Greenland,

therefore – as is the case also with other remote places of the world – has its own money bills and coins. These are issued and minted by The Royal Greenland Trade Department, and can only be used in Greenland, and they are, of course, exchangeable at par with Danish currency for those who leave Greenland. Transfer of this kind can only be accomplished through The Royal Greenland Trade Department. This simple method of currency differentiation is generally considered to provide an efficient system of control. No doubt this procedure also facilitates internal control in other fields.

So far, it has not been possible, in this relatively poor and thinly populated area, to establish a private banking system. The Royal Greenland Trade Department, therefore, on an intermediary basis has set up its own savings bank system which, however, has been developed in close cooperation with the Association of Danish Savings Banks aiming at a transfer to some kind of private enterprise in a not too distant future.

Since the reform program for Greenland was generally accepted by all political Danish parties in 1950, it was, for both political and economic reasons, the aim of the Danish Government, and the appropriate Greenlandic organizations, to encourage private enterprise to exercise greater influence and greater participation in the develop



PHOTO BY MGS

*The hand-peeling production line in The Royal Greenland Trade Department's shrimp factory at Christianshåb. The Greenlanders have shown remarkable capabilities in adapting themselves to the regularity and team-work of industrial production, one of the most important fields being shrimp fishing and processing. Greenland shrimp are marketed and competing effectively all over the world. Industrial production at this boundary of regular human existence is bound to be subject to comparatively high costs of production. This fact has necessitated emphasizing high quality and appearance instead of price competition.*





PHOT. JETTE BANG. COPENHAGEN

*In the sheltered valleys of South Greenland sheep raising and a limited scope of farming have been developed during the last 50 years, thus introducing peacefull settlers' profession into a community of hunters. During the late summer and early autumn months lambs and sheep are collected from the widely spread farms of South Greenland. Living outdoor all the year round under Arctic conditions the sheep of Greenland have been keenly selected by nature-giving proof of the "survival of the fittest".*

ment of Greenland's natural resources. Political ideas and economic necessities, however, sometimes have turned out to be contradictory. One of the main examples is to be found in the field of price policy and wage rates.

At the present time wages definitely are lower in Greenland than in Denmark, generally speaking, only half as high, although they are very much at par with wages in a number of other European countries. It is the announced policy of Denmark to increase as fast as possible the wage level in Greenland up to usual Danish standards, though it is understood that the efficiency and productivity of production in Greenland ought to warrant such an increase. It is our experience that efficiency obviously not only is a matter of organization and knowledge, but also of experience, tradition, and mentality. At any rate, so far, and unfortunately, we have not succeeded in developing a productive efficiency which would permit the realization of our goal. As a matter of fact, examples are still prevalent where the efficiency of workers, etc., in Greenland is far below normal Danish standards, with the effect that labor costs, as calculated per produced unit, are at least as high in Greenland as in Denmark.

Also, geographical difficulties may collide with benevolent political intentions. In former times, when Greenland was a Danish colony and when no industry existed,

it may have been natural and right to establish a uniform price system. However, such a price system still exists and, for social and political reasons, it is strongly supported by the Greenlanders and their political assemblies.

It has always been a prevailing trait of Denmark's policy in matters regarding Greenland to cooperate with the Greenlanders. No Danish authority would make any important decision on principal matters without having the understanding and consent of the appropriate Greenlandic groups – in economical matters that of the Greenland Council, or the Association of Fishermen, or of the Sheep Farmers Association, or of Greenland's Labor Union. This general attitude involves that the present price system cannot be changed materially without the consent of the Greenland Council.

The existing price system involves that our supply service principally has to sell any commodity at the same price at any place in the country, including towns with easy communication as well as small and remote places. with heavy costs of transportation and warehousing. This system involves also that any commodity bought from Greenlanders principally has to be paid with the same price at any place, whether it is a poor and distant plant or a modern factory in a favorable location. Obviously



this policy is not in accordance with the necessities and practice of modern economy and private enterprise.

In most recent years this important fact, to a growing extent, is being recognized by many important Greenlanders, and we may hope that this recognition will reflect itself in changing methods. Definite plans towards this end are already developing. Certain difficulties occur, however, caused by our efforts to maintain at least to a certain degree the advantages of the old system – but nevertheless to develop new methods which may pave Greenland's way into a more prosperous future.

A very important part of these plans consists in efforts to establish a very close cooperation between the Greenlanders and the Faroese, who have thorough and extremely valuable experience in these fields from the development which has taken place on the Faroe Isles during the last 50 years. We are, as a matter of fact, aiming at the establishment of joint production plants which should be independent from the present system and which should be privately owned by Greenlanders, Faroese, and other Danes, if possible totally, or at least in majority.

A cooperation of this kind seems to be one of the few ways ahead if economic development shall have any chance of keeping pace with the explosive increase of

the population. Thanks to improved medical help and generally improved facilities, Greenland's population at present increases at a rate of 3.5 per cent net per year, which is approximately 3 times as fast as in the rest of Denmark.

The development of any Arctic area will always be a tremendous challenge. In Greenland the transition from an extremely primitive way of life to modern industry and responsibility has reached a stage of high tension. In the very near future old ways of thinking and acting must become obsolete and must be replaced by new techniques, and a new way of thinking, acting, and co-operating. We have no doubt whatsoever that we are facing considerable difficulties, technically and personnel-wise, as well as politically.

But an effort in such fascinating fields also gives plenty of satisfaction – especially if production and consumption are increasing, and the standard of living and the cultural level of the population are constantly improving and you feel that things are growing and developing – and that's how I feel about Greenland, the development of which very well might be an example to planners and administrators in underdeveloped or developing areas.

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